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## **JBB BUILDERS INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1903)**

### **ANNOUNCEMENT ON REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS WITH SOUTHERN DIGGERS**

Reference is made to the Subcontract Agreement entered into between JBB Builders, an indirect wholly-owned subsidiary of the Company, and Southern Diggers in relation to the service of Construction Work with original contract sum of RM35,664,371.73, details of which are disclosed in the announcement of the Company dated 1 August 2019 and 2020 annual report.

In view of the delay of the progress of the service of Construction Work due to the suspension and postponement of the scheduled Construction Work as a result of the delay on the completion of different construction works of the same area, revision of the construction drawing, the long lasting outbreak of the coronavirus COVID-19 and the continuous Restriction of Movement Order enforced by Malaysia government, on 30 June 2021 (after trading hours), JBB Builders entered into Supplementary Agreement with Southern Diggers to (i) extend the terms of the Subcontract Agreement; and (ii) revision of the annual cap for the year ending 30 June 2022 in relation to the service of Construction Work, which constituted continuing connected transactions of the Company under the Listing Rules.

#### **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Supplementary Agreement is of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the Supplementary Agreement do not constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Toh Ang Poo is a director and a substantial shareholder (as defined in the Listing Rules) holding 25% issued share capital of Gabungan Jasapadu Sdn. Bhd. (an indirect non-wholly-owned subsidiary of the Company) and accordingly he is a connected person of the Company at the subsidiary level. In the meantime, Mr. Toh Ang Poo holds 33.3% of the issued share capital of Southern Diggers. Therefore, Southern Diggers is an associate (as defined in the Listing Rules) of Mr. Toh Ang Poo. As such, the transactions contemplated under the Supplementary Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Supplementary Agreement are exempted from the circular, independent financial advice and independent Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements by virtue of Rule 14A.101 of the Listing Rules.

## REVISION OF ANNUAL CAP AND BASIS OF DETERMINATION

On 30 June 2021 (after trading hours), JBB Builders entered into Supplementary Agreement with Southern Diggers as follows:

- (i) to extend the terms of the Subcontract Agreement in relation to the service of Construction Work to 30 June 2022; and
- (ii) to revise the annual cap for the year ending 30 June 2022 in relation to the service of Construction Work,

which constituted revision of annual cap of the continuing connected transactions of the Company under the Listing Rules.

	For the year ended/ending 30 June		
	2020	2021	2022
	<i>RM million</i>	<i>RM million</i>	<i>RM million</i>
Actual transaction amount	5.2	11.3 <sup>Note 1</sup>	N/A
Existing annual cap	39.6	28.7	Nil
Proposed revised annual cap	N/A	N/A	26.2 <sup>Note 2</sup>

*Notes:*

1. Amount represented the actual transaction amount for the 10 months ended 30 April 2021.
2. Proposed revised annual cap = (sum of original contract sum of Subcontract Agreement and the actual variation orders which are already confirmed and accepted as at the date of 30 April 2021 minus the actual transaction amount as of 30 April 2021) \* 110%.

## **Rationale and basis of the revision of annual cap**

The Board proposed the revision of annual cap for the year ending 30 June 2022 in relation to Southern Diggers for Construction Work because:

1. there was delay of the progress of the Construction Work due to the suspension and postponement of the scheduled Construction Work as a result of:
  - a. delay on the completion of different construction works of the same area;
  - b. revision of the construction drawing;
  - c. the long lasting outbreak of the coronavirus COVID-19; and
  - d. the continuous Restriction of Movement Order enforced by Malaysia government; and
2. the completion date of the Construction Work is expected to be extended from the year ending 30 June 2021 to 30 June 2022.

The revision of annual cap for the year ending 30 June 2022 is made with reference to (i) the original contract sum of Subcontract Agreement amounted to RM35,664,371.73; (ii) the actual variation orders which are already confirmed and accepted as at the date of 30 April 2021; (iii) historical transaction amount completed as of 30 April 2021; (iv) anticipated progress of work and anticipated completion date of the Subcontract Agreement and Supplementary Agreement as of the date of Supplementary Agreement; and (v) provision for further variation orders based on approximately 10% of the remaining Construction Work (i.e. 10% of the sum of item (i) and item (ii) minus item (iii)), which serves as a buffer.

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Supplementary Agreement are of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the Supplementary Agreement and do not constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Toh Ang Poo is a director and a substantial shareholder (as defined in the Listing Rules) holding 25% issued share capital of Gabungan Jasapadu Sdn. Bhd. (an indirect non-wholly-owned subsidiary of the Company) and accordingly he is a connected person of our Company at the subsidiary level. Meanwhile, Mr. Toh Ang Poo holds 33.3% of the issued share capital of Southern Diggers. Therefore, Southern Diggers is an associate (as defined in the Listing Rules) of Mr. Toh Ang Poo. As such, the transactions contemplated under the Supplementary Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Board has approved the Supplementary Agreement and the transactions contemplated thereunder. In addition, the Directors (including the independent non-executive Directors) are of the view that the Supplementary Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, the terms of the Supplementary Agreement and the annual cap in respect thereof are fair and reasonable and on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

As none of the Directors have a material interest in the Supplementary Agreement or the transactions contemplated thereunder, no Director had abstained from voting on the relevant resolution proposed at the board meeting of the Company approving the Supplementary Agreement and the transactions contemplated thereunder.

As the Board has approved the Supplementary Agreement and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the Supplementary Agreement were entered into in the ordinary and usual course of business; and the terms thereof are fair and reasonable and on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Supplementary Agreement are exempted from the circular, independent financial advice and independent Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements by virtue of Rule 14A.101 of the Listing Rules.

## **GENERAL**

The Group is principally engaged in business of marine construction, building and infrastructure services.

JBB Builders, a company incorporated in Malaysia with limited liability on 4 May 1996 and an indirect wholly-owned subsidiary of our Company. It mainly engages in the business of marine construction, building and infrastructure services.

Southern Diggers, a company incorporated in Malaysia with limited liability on 26 August 2011 and mainly engages in constructions, trading of sand and earth, transportation of goods and hiring of machinery. Southern Diggers is 33.33%, 33.33% and 33.34% owned by Mr. Toh Ang Poo (a connected person of the Company at the subsidiary level), Mr. Yong Yoon Poh and Mr. Lee Hon Min, respectively.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	JBB Builders International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Construction Work”	construction work of upgrading existing Kempas Interchange at North South Highway at Jalan Kempas Lama, Johor, Malaysia
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (as the same is defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong))
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JBB Builders”	JBB Builders (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 May 1996 and an indirect wholly-owned subsidiary of the Company
“Johor”	the State of Johor, a Malaysian state located in the southern region of peninsular Malaysia and adjacent to Singapore
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)

“Southern Diggers”	Southern Diggers Enterprise Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 August 2011
“Subcontract Agreement”	a subcontract agreement dated 1 August 2019 entered into between JBB Builders and Southern Diggers in relation to the Construction Work
“Supplementary Agreement”	a supplementary agreement dated 30 June 2021 entered into between JBB Builders and Southern Diggers in relation to the Construction Work
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**JBB Builders International Limited**  
**Dato’ Ng Say Piyu**  
*Chairman and Executive Director*

Hong Kong, 30 June 2021

*As at the date of this announcement, the Board comprises Dato’ Ng Say Piyu, Mr. Lam Fung Eng and Mr. Ng Chong Boon, as executive directors, Datin Ngooi Leng Swee as non-executive director, Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan as independent non-executive directors.*